
Proprietary Funds

The Proprietary Funds account for operations that are financed and operated in a manner similar to private business enterprises. It is the intent that the cost of providing such goods or services will be recovered through user charges.

Major Enterprise Funds

The State Lottery Department accounts for all receipts and expenses from the operations of the State Lottery.

The Virginia College Savings Plan administers the Virginia Prepaid Education Program that locks in future college costs for minors from birth through the ninth grade. The fund accounts for the actuarially determined contributions and payments for approved expenses.

The Pocahontas Parkway Association accounts for the Route 895 Connector Project. The Association is a blended component unit of the Department of Transportation (Primary Government).

The Unemployment Compensation Fund administers the temporary partial income replacement payments to unemployed covered workers.

Nonmajor Enterprise Funds include those operations of State agencies which are listed on page 185 in the Combining and Individual Fund Statements and Schedules section of this report.

Internal Service Funds include those operations of State agencies which are listed on page 201 in the Combining and Individual Fund Statements and Schedules section of this report.

Statement of Net Assets – Proprietary Funds

June 30, 2003

(Dollars in Thousands)

	Business-Type Activities Enterprise Funds			
	State Lottery	Virginia College Savings Plan	Pocahontas Parkway	Unemployment Compensation
Assets				
Current Assets:				
Cash and Cash Equivalents (Notes 1 and 4)	\$ 10,377	\$ 81,513	\$ 19,697	\$ 396,471
Investments (Notes 1 and 4)	286,075	1,020	-	-
Receivables, Net (Notes 1 and 5)	34,738	129,896	772	58,110
Due From Other Funds (Note 6)	-	-	-	1,379
Inventory (Note 1)	4,358	-	-	-
Prepaid Items (Note 1)	2,354	-	26	-
Other Assets (Notes 1 and 7)	5	-	-	-
Total Current Assets	337,907	212,429	20,495	455,960
Noncurrent Assets:				
Investments (Notes 1 and 4)	364,439	510,634	35,305	-
Receivables, Net	-	223,880	-	-
Prepaid Items (Note 1)	-	-	-	-
Other Assets (Notes 1 and 7)	-	-	5,733	-
Nondepreciable Capital Assets (Notes 1 and 9)	-	-	14,435	-
Depreciable Capital Assets, Net (Notes 1 and 9)	17,422	165	305,902	-
Total Noncurrent Assets	381,861	734,679	361,375	-
Total Assets	719,768	947,108	381,870	455,960
Liabilities				
Current Liabilities:				
Accounts Payable (Notes 1 and 16)	9,566	469	1,326	-
Amounts Due to Other Governments	-	-	-	2,527
Due to Other Funds (Note 6)	231	22	-	149
Interfund Payable (Note 6)	-	-	-	-
Deferred Revenue (Note 1)	3,028	-	-	-
Claims Payable (Notes 1 and 15)	-	-	-	-
Obligations Under Securities Lending Program (Notes 1 and 4)	228,794	1,020	-	-
Other Liabilities (Notes 1 and 17)	45,287	185	3,420	39,088
Long-Term Liabilities Due Within One Year (Notes 1, 14, and 18)	60,884	44,476	-	-
Total Current Liabilities	347,790	46,172	4,746	41,764
Noncurrent Liabilities:				
Interfund Payable (Note 6)	-	-	-	-
Claims Payable (Notes 1 and 15)	-	-	-	-
Other Liabilities (Notes 1 and 17)	-	-	19,899	-
Long-Term Liabilities Due in More Than One Year (Notes 1, 14, and 18)	374,045	1,133,654	432,563	-
Total Noncurrent Liabilities	374,045	1,133,654	452,462	-
Total Liabilities	721,835	1,179,826	457,208	41,764
Net Assets				
Invested in Capital Assets, Net of				
Related Debt	7,955	165	-	-
Restricted for Unemployment Insurance	-	-	-	414,009
Restricted for Construction	-	-	(15,418)	-
Restricted for Retainage	-	-	1,034	-
Restricted for Debt Service	-	-	38,550	-
Restricted for Capital Acquisition	-	-	-	187
Unrestricted	(10,022)	(232,883)	(99,504)	-
Total Net Assets	\$ (2,067)	\$ (232,718)	\$ (75,338)	\$ 414,196

Some amounts reported for business-type activities in the Statement of Net Assets are different because certain internal service fund assets and liabilities are included in business-type activities.
Net assets of business-type activities

The accompanying notes are an integral part of this financial statement.

		Governmental Activities	
Nonmajor	Totals	Internal Service Funds	
\$ 76,298	\$ 584,356	\$ 157,061	
5,870	292,965	10,194	
17,830	241,346	14,928	
-	1,379	30,400	
32,484	36,842	13,767	
769	3,149	3,493	
238	243	1,012	
133,489	1,160,280	230,855	
13,556	923,934	-	
-	223,880	-	
-	-	840	
-	5,733	-	
1,682	16,117	150	
20,233	343,722	65,331	
35,471	1,513,386	66,321	
168,960	2,673,666	297,176	
21,986	33,347	24,679	
-	2,527	679	
5,689	6,091	210	
22,300	22,300	1,448	
2,170	5,198	34,832	
22,888	22,888	120,365	
5,812	235,626	10,194	
205	88,185	2,528	
4,221	109,581	7,751	
85,271	525,743	202,686	
-	-	8,385	
-	-	147,620	
-	19,899	-	
16,239	1,956,501	22,243	
16,239	1,976,400	178,248	
101,510	2,502,143	380,934	
15,465	23,585	42,493	
-	414,009	-	
-	(15,418)	-	
-	1,034	-	
-	38,550	-	
-	187	-	
51,985	(290,424)	(126,251)	
\$ 67,450	\$ 171,523	\$ (83,758)	

\$ (75)
\$ 171,448

Statement of Revenues, Expenses, and Changes in Fund Net Assets – Proprietary Funds

For the Fiscal Year Ended June 30, 2003
(Dollars in Thousands)

	Business-Type Activities Enterprise Funds			
	State Lottery	Virginia College Savings Plan	Pocahontas Parkway	Unemployment Compensation
Operating Revenues:				
Charges for Sales and Services	\$ 1,135,730	\$ 198,916	\$ 5,111	\$ 263,348
Interest, Dividends, Rents, and Other Investment Income (Note 1)	-	34,887	2,246	-
Other (Note 19)	-	-	1,850	-
Total Operating Revenues	1,135,730	233,803	9,207	263,348
Operating Expenses:				
Cost of Sales and Services	71,016	-	-	-
Prizes and Claims (Note 20)	625,872	-	-	711,985
Tuition Benefits Expense	-	403,666	-	-
Personal Services	19,038	2,484	-	-
Contractual Services	30,362	1,996	2,667	-
Supplies and Materials	2,149	35	-	-
Depreciation and Amortization (Note 21)	6,546	62	9,046	-
Rent, Insurance, and Other Related Charges	3,346	148	-	-
Interest Expense	-	-	24,818	-
Non-recurring Cost Estimate Payments to Providers	-	-	-	-
Other (Note 22)	-	21	-	-
Total Operating Expenses	758,329	408,412	36,531	711,985
Operating Income (Loss)	377,401	(174,609)	(27,324)	(448,637)
Nonoperating Revenues (Expenses):				
Interest, Dividends, Rents, and Other Investment Income (Note 1)	9,253	37	-	35,892
Other (Note 23)	173	(37)	-	-
Total Nonoperating Revenues (Expenses)	9,426	-	-	35,892
Income (Loss) Before Transfers	386,827	(174,609)	(27,324)	(412,745)
Transfers In (Note 24)	-	-	-	-
Transfers Out (Note 24)	(387,505)	(106)	-	(12,860)
Change in Net Assets	(678)	(174,715)	(27,324)	(425,605)
Total Net Assets (Deficit), July 1	(1,389)	(58,003)	(48,014)	839,801
Total Net Assets (Deficit), June 30 (Note 29)	\$ (2,067)	\$ (232,718)	\$ (75,338)	\$ 414,196

Some amounts reported for business-type activities in the Statement of Activities are different because the net revenue (expense) of certain internal service funds is reported with business-type activities.
Change in Net Assets of business-type activities

The accompanying notes are an integral part of this financial statement.

		Governmental Activities
Nonmajor	Totals	Internal Service Funds
\$ 561,066	\$ 2,164,171	\$ 879,639
249	37,382	1,872
17,484	19,334	-
578,799	2,220,887	881,511
243,419	314,435	55,716
106,682	1,444,539	641,308
-	403,666	-
76,750	98,272	44,710
37,103	72,128	101,359
12,581	14,765	6,750
3,381	19,035	16,470
13,861	17,355	23,563
96	24,914	463
35,076	35,076	-
3,422	3,443	9,118
532,371	2,447,628	899,457
46,428	(226,741)	(17,946)
4,291	49,473	2,783
124	260	(2,012)
4,415	49,733	771
50,843	(177,008)	(17,175)
7,228	7,228	347
(73,076)	(473,547)	(15,627)
(15,005)	(643,327)	(32,455)
82,455	814,850	(51,303)
\$ 67,450	\$ 171,523	\$ (83,758)

\$ (738)
\$ (644,065)

Statement of Cash Flows – Proprietary Funds

For the Fiscal Year Ended June 30, 2003
(Dollars in Thousands)

	Business-Type Activities Enterprise Funds			
	State Lottery	Virginia College Savings Plan	Pocahontas Parkway	Unemployment Compensation
Cash Flows from Operating Activities:				
Receipts for Sales and Services	\$ 1,137,380	\$ 128,956	\$ 5,111	\$ 246,805
Receipts from Investments	-	-	3,162	-
Internal Activity-Receipts from Other Funds	-	-	-	7,276
Internal Activity-Payments to Other Funds	-	(501)	-	-
Payments to Suppliers for Goods and Services	(71,828)	(65)	-	-
Payments for Prizes, Claims, and Loss Control (Note 31)	(695,060)	-	-	(718,097)
Payments for Tuition Benefits	-	(7,528)	-	-
Payments to Employees	(18,324)	(2,277)	-	-
Payments to Providers for Non-recurring Cost Estimates	-	-	-	-
Payments for Interest	-	-	(9,215)	-
Other Operating Revenue (Note 31)	-	-	2,400	-
Other Operating Expense (Note 31)	(27,242)	(2,074)	(1,098)	-
Net Cash Provided by (Used for) Operating Activities	324,926	116,511	360	(464,016)
Cash Flows from Noncapital Financing Activities:				
Transfers In From Other Funds	-	-	-	-
Transfers Out to Other Funds	(387,407)	(106)	-	(12,860)
Other Noncapital Financing Receipt Activities (Note 31)	1,252	-	-	-
Other Noncapital Financing Disbursement Activities (Note 31)	-	-	-	-
Net Cash Provided by (Used for) Noncapital Financing Activities	(386,155)	(106)	-	(12,860)
Cash Flows from Capital and Related Financing Activities:				
Acquisition of Capital Assets	(3,117)	(15)	-	-
Payment of Principal and Interest on Bonds and Notes	(3,183)	-	-	-
Proceeds from Sale of Capital Assets	-	-	-	-
Other Capital and Related Financing Disbursement Activities (Note 31)	-	-	(13,560)	-
Net Cash Provided By (Used for) Capital and Related Financing Activities	(6,300)	(15)	(13,560)	-
Cash Flows from Investing Activities:				
Purchase of Investments	-	(1,066,333)	(27,559)	-
Proceeds from Sales or Maturities of Investments	58,966	976,507	49,205	-
Investment Income on Cash, Cash Equivalents, and Investments	8,604	13,237	-	35,892
Net Cash Provided by (Used for) Investing Activities	67,570	(76,589)	21,646	35,892
Net Increase (Decrease) in Cash and Cash Equivalents	41	39,801	8,446	(440,984)
Cash and Cash Equivalents, July 1	10,341	41,712	11,251	837,455
Cash and Cash Equivalents, June 30	\$ 10,382	\$ 81,513	\$ 19,697	\$ 396,471
Reconciliation of Cash and Cash Equivalents:				
Per the Statement of Net Assets:				
Cash and Cash Equivalents	\$ 10,377	\$ 81,513	\$ 19,697	\$ 396,471
Cash and Travel Advances	5	-	-	-
Cash and Cash Equivalents per the Statement of Cash Flows	\$ 10,382	\$ 81,513	\$ 19,697	\$ 396,471

The accompanying notes are an integral part of this financial statement.

		Governmental Activities	
Nonmajor	Totals	Internal Service Funds	
\$ 563,656	\$ 2,081,908	\$ 706,006	
-	3,162	-	
3,422	10,698	201,679	
(527)	(1,028)	(8,686)	
(270,400)	(342,293)	(73,708)	
(110,219)	(1,523,376)	(629,275)	
-	(7,528)	-	
(76,327)	(96,928)	(50,085)	
(32,468)	(32,468)	-	
-	(9,215)	-	
8,424	10,824	10	
(33,786)	(64,200)	(109,525)	
51,775	29,556	36,416	
7,228	7,228	1,631	
(183,494)	(583,867)	(16,911)	
112,319	113,571	355	
(2,637)	(2,637)	(1,424)	
(66,584)	(465,705)	(16,349)	
(2,754)	(5,886)	(5,884)	
(1,359)	(4,542)	(3,707)	
-	-	505	
-	(13,560)	-	
(4,113)	(23,988)	(9,086)	
(6,917)	(1,100,809)	-	
6,042	1,090,720	1,153	
3,233	60,966	1,930	
2,358	50,877	3,083	
(16,564)	(409,260)	14,064	
93,100	993,859	144,009	
\$ 76,536	\$ 584,599	\$ 158,073	
\$ 76,298	\$ 584,356	\$ 157,061	
238	243	1,012	
\$ 76,536	\$ 584,599	\$ 158,073	

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Statement of Cash Flows – Proprietary Funds (Continued from previous page)

For the Fiscal Year Ended June 30, 2003
(Dollars in Thousands)

	Business-Type Activities Enterprise Funds			
	State Lottery	Virginia College Savings Plan	Pocahontas Parkway	Unemployment Compensation
Reconciliation of Operating Income				
To Net Cash Provided by (Used for)				
Operating Activities:				
Operating Income (Loss)	\$ 377,401	\$ (174,609)	\$ (27,324)	\$ (448,637)
Adjustments to Reconcile Operating				
Income to Net Cash Provided by (Used for)				
Operating Activities:				
Depreciation and Amortization	6,546	62	9,046	-
Interest on Bonds and Notes	-	-	13,718	-
Interest, Dividends, Rents, and Other Investment Income	(30,993)	(35,149)	-	-
Miscellaneous Nonoperating Income	-	-	860	-
Other Expenses	-	-	(6)	-
Change in Assets and Liabilities:				
(Increase) Decrease in Accounts Receivable	1,457	(69,917)	672	(20,543)
(Increase) Decrease in Due From Other Funds	-	-	-	(1,379)
(Increase) Decrease in Other Assets	-	-	-	-
(Increase) Decrease in Inventory	(812)	-	-	-
(Increase) Decrease in Prepaid Items	(1,058)	-	-	-
Increase (Decrease) in Accounts Payable	(2,817)	(33)	3,394	-
Increase (Decrease) in Amounts Due to Other Governments	-	-	-	(1,710)
Increase (Decrease) in Claims Payable	-	-	-	-
Increase (Decrease) in Due to Other Funds	131	22	-	33
Increase (Decrease) in Interfund Payable	-	-	-	-
Increase (Decrease) in Deferred Revenue	194	-	-	-
Increase (Decrease) in Other Liabilities	2,082	120	-	8,220
Increase (Decrease) in Long-Term Liabilities: Due Within One Year	179	24,155	-	-
Increase (Decrease) in Long-Term Liabilities: Due in More Than One Year	(27,384)	371,860	-	-
Net Cash Provided by (Used for) Operating Activities	<u>\$ 324,926</u>	<u>\$ 116,511</u>	<u>\$ 360</u>	<u>\$ (464,016)</u>
Noncash Investing, Capital, and Financing Activities:				
The following transactions occurred prior to the statement of net assets date:				
Trade-ins of Used Equipment on New Equipment	\$ -	\$ -	\$ -	\$ -
Installment Purchases Used to Finance Capital Assets	-	-	-	-
Change in Fair Value of Investments	-	22,230	-	-
Capital Asset Addition Included in Accounts Payable	-	-	-	-
Total Noncash, Investing, Capital, and Financing Activities	<u>\$ -</u>	<u>\$ 22,230</u>	<u>\$ -</u>	<u>\$ -</u>

The accompanying notes are an integral part of this financial statement.

		Governmental Activities	
Nonmajor	Totals	Internal Service Funds	
\$ 46,428	\$ (226,741)	\$ (17,946)	
3,381	19,035	16,470	
-	13,718	-	
-	(66,142)	-	
346	1,206	114	
(40)	(46)	3,090	
(1,258)	(89,589)	7,721	
-	(1,379)	1,970	
-	-	399	
(3,283)	(4,095)	(313)	
53	(1,005)	(78)	
8,049	8,593	7,788	
-	(1,710)	(1,951)	
(2,877)	(2,877)	10,048	
(929)	(743)	3	
(1,140)	(1,140)	-	
384	578	7,415	
(17)	10,405	(584)	
144	24,478	(226)	
2,534	347,010	2,496	
<u>\$ 51,775</u>	<u>\$ 29,556</u>	<u>\$ 36,416</u>	
\$ -	\$ -	\$ (20)	
2,115	2,115	2,608	
492	22,722	-	
-	-	282	
<u>\$ 2,607</u>	<u>\$ 24,837</u>	<u>\$ 2,870</u>	

